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TO GIVE STATES' RIGHTS VITALITY

by Frank Chodorov

As long as our form of government retains its dual character -- that is, as long as some sovereignty resides in the component states -- the issue of States' Rights will bob up from time to time.

Even the Civil War could not finally inter it. The outcome delimited the area of local autonomy, by outlawing nullification and secession, but left the states in all other respects where and what they were. So it is to be expected that whenever Federal policy or practices become excessively burdensome, to many people, the thought of finding relief in the autonomy of the states will suggest itself.

The issue is to the fore again now by reason of the President's effort to enact social legislation imposing standards strongly at variance with Southern customs and sentiment. At first the resulting opposition was passed off lightly, particularly by the Northern press, as a squabble within the Democratic Party that would wash out with the 1948 election. Furthermore, the suspicion persisted that despite high-sounding arguments the "Dixiecrat" movement was nothing more than another effort to "keep the Negro in his place". But nobody with any knowledge of American history will stop with that shallow criticism.

The espousal of States' Rights by the well-regarded "Jimmy" Byrnes has emphasized the Constitutional importance of the movement. He has raised it above provincialism. Particularly so because the former Supreme Court Justice lifted the doctrine out of its ancient context and attached it to a current issue of paramount importance: the growth of centralized and at least potentially tyrannical political power. Mr. Byrnes emphasizes that in our dual form of government we have a reliable defense against this threat to personal liberties. The point is well worth considering. None of the nations which have succumbed to the modern absolutism were equipped with our system of divided authority.

However, even Mr. Byrnes has not rid the States' Rights issue of its inherent and debilitating romanticism. It still bristles with generalities; it still lacks a practical program. The best that its proponents have offered is a rallying point for those within both major political parties who are convinced that our liberties are threatened.

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We need a new party, they say, dedicated to the curtailment of Federal powers, to the demobilization of bureaucracy and to economy in government. All of which is interesting, and negative.

II

The vital need of the States' Rights movement, if it is to become a significant political force, is an economic base. It must appeal to self-interest. It must attract effective support from those who recognize the threat to their livelihood in the growing power of the Federal Government. It must show that under the aegis of state governments lies the hope of Free Enterprise. This is not to say that ideals are without potency in political movements. But no political movement ever raised a full head of steam until economics fired its engine.

This fact is attested by the whole history and background of States' Rights. When the issue first came up, before ratification of the Constitution, the division was along economic lines. Hamilton and his centralizers were advocates of the stake-in-society theory of government. Taking their cue from Locke, they maintained that the primary function of government is the protection of property; and since at that time, even as now, the agitation for confiscation was strong, the Federalists favored a Constitution that presumably would prevent any regime from following a confiscatory course. What Hamilton did not clearly foresee was the tendency of centralized government to confiscate, rather than to safeguard, private property.

We know that the advocates of a central government with coercive powers were not unmindful of their self-interest. There were the money-speculators who hoped to gain by the funding of Continental obligations. There were the mercantilists who yearned for tariff protection. There were those who saw fortunes in the western lands, once they were brought into the public domain. And there were the astute lawyers whose business would enlarge and prosper with an expansionist program.

On the other side, in 1787, were the little agriculturists whose political horizon was foreshortened by taxes and debt. To them, lower levies and easy money were the sum-total of economics, and both desiderata called not for controls by government but for the control of government. This was possible only if government were primarily local; thoroughly representative and responsive to popular pressure. Those who spoke for the grass roots were the original States' Righters.

Within a generation after ratification a new economic alignment called for a resuscitation of the issue. The agricultural South was at a disadvantage because its produce had to compete in the free market of

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the world while its manufactured imports carried tariff-loaded prices. Slave labor could not be industrialized and therefore the South could not widen its economy. In financial matters it was forced to depend on a banking system outside local control. The economics of the situation called for States' Rights.

Thus, despite the legalism and the romanticism which characterized the debate, both before and after ratification of the Constitution, the vital energy that raised it to a political issue each time was economic interest. It follows, then, that the present States' Rights movement will not amount to more than a subject for forensics until it acquires pocketbook appeal.

III

Hamilton's centralism won out because it attracted the support of the strongest elements in the Society. It is exactly those elements that are now under the most direct fire of centralism. Does not that fact of itself suggest a policy? Since the instinct of man is toward the possession and enjoyment of the fruits of his labor, and since the drive of the Federal Government is relentlessly toward the abolition of private property, it would seem that a States' Rights movement that promised some escape from this drive would attract support.

The problem is primarily one of legal and administrative ingenuity. How far, barring secession and nullification, can the states go in making decentralism attractive to capital? Since the movement has as yet given little promise in that direction, the answer to our rhetorical question must for the moment remain speculative. But speculation, within the bounds of reason, is essential to political accomplishment.

Suppose, for instance, that the Federal Government, needing more money to promote its centralizing schemes, should resort to taking over the national banks, by the simple device of forcing them to give up their cash in exchange for government bonds. The bank reserves would then consist entirely of this paper and the banks would be hard-pressed to continue serving the commercial life of their communities.

Could not the state governments, in anticipation of such an eventuality, take steps to foster private banking, dissociated from the Federal Reserve System? Such banks would necessarily limit their operations to local, rather than interstate, industries, and local industry, with all its dependents, would prosper accordingly. With increased local prosperity there would be greater local opposition to Federal taxation levied in the fancied interest of less energetic communities.

Suppose, again, Federal prosecution of "big business" -- as in the case of A & P -- should reach the point where concentration becomes un-

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profitable, where the small intrastate business yields a greater return per dollar of investment. This effect could be aided and abetted by local tax exemptions. Capital would thus be drawn into local ventures and the States' Rights movement would gain an ally of proportions.

When, as is inevitable, the tax-load of the farmer increases so that it more than offsets his Federal subsidies, what legal inducement to unsubsidized farming could the several states offer him? The agriculturist is, by the nature of his business, an incurable individualist, and he must in time resent the inquisitorial methods that subsidization implies. His submission to centralism is only provisional. It would not be difficult for a States' Rights movement, implemented with a practical program, to win him away from the Federal purse strings.

IV

In their own interests, the states could separately and collectively carry on legal conflicts with the Federal Government; as in the case of the tidewater lands. This is nothing but an effort of the Federal Government to collect land taxes, in defiance of the letter and spirit of the Constitution. But it is not enough for the states to resort to the courts. It is also essential that private interests be shown how they stand to profit by the success of the states.

The scope of this speculation is beyond the limits of this paper, or the capacities of the present writer. But it can be emphasized that until the States' Rights movement offers a practical program of economic relief from unrestrained federalism, and thus attracts individuals and groups whose affairs would prosper by such a program, it must remain devitalized. Economics is the motor of politics.

In the nature of things, such a program must begin with the individual state organizations. At present the States' Righters are urging the formation of a national political party with an anti-statist platform. That could be helpful, and an educational program toward that end is desirable. On the other hand, the national party will come of itself when and if a sufficient number of state organizations have worked out procedures to entice private capital away from the grip of Uncle Sam.

The spadework must be done within the states. To rely on a national party of States' Righters is to accept a contradiction in terms. If the struggle is against centralism, then the place for effort is on the periphery. The Maine Development Credit Corp. is one example.

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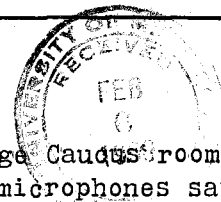
Not Merely Gossip *A Supplement to* Human Events Vol. VII, No. 5



By Frank C. Hanighen February 1, 1950

STEEL: We dropped in at the steel hearing in the huge Caucus room in the Old House Office Building. On the rostrum dotted with little microphones sat the members of the Joint Committee for the Economic Report. Patman, jowled and leering, pointed a fat finger at a steel executive below -- Patman, of Texas, who wants a steel industry in his state. And there was Benton, of Connecticut, not unaware that his state wants one too. Rich, of Pennsylvania, traditionally a big steel producing state, darted in and out of controversies like a gadfly, angrily interrupting even the steel executives, when they failed to state their case vigorously enough to suit him. Senator O'Mahoney presided, elaborately courteous and ironical towards the steel men. Two loud-speakers hung on opposite walls of the room. Near one, we identified an attorney from the Federal Trade Commission; near the other, an attorney from the Department of Justice: both taking notes.

A sort of hide-and-seek game was going on. Patman would catch a steel magnate concealed behind a growth of statistics, and would drag him forth politely protesting. Then Rich would scream "no fair", and a gabble would ensue between the two Congressmen. Or, O'Mahoney would probe through thick recitals of depreciation costs, seeking to construct some thesis which would presumably avoid the stark fact that the dollar today is worth only a fraction of what it was when steel-making equipment was purchased. But the refrain went on: we have to pay two to three times as much for equipment now as before the war; therefore, profits today are really low, or moderate, etc. And all the critics of the steel profits restlessly continued to seek something, something eternally hidden from legislators: a nostrum to prevent hangovers; a tax which hurts nobody; something for nothing.

Few at the hearing seemed disposed to make the point: you have to pay for inflation. President Ben Moreell of Jones & Laughlin was more blunt than his colleagues when he said he would like to raise steel prices, if he "could get away with it"; i.e., if the competitive situation permitted it. Alfred Friendly of the New Dealish Washington Post put the industry's case this way: "Costs have risen greatly, especially replacement costs for new equipment. Internal Revenue depreciation allowances do not take into account the present cost of replacing worn-out and obsolete facilities. Accordingly, a great proportion of what shows up on the books as 'earnings' and is taxed as such, is actually needed to plow back into the company. The result is that the stockholder gets an inadequate return. Prospects of earnings are too slight to bring in new equity money. Despite vigorous questioning of steel company witnesses by committee members, this thesis, right or wrong, was not successfully challenged yesterday." And the next day, after the CIO arguments had been presented, Mr. Friendly said that they had not met the steel thesis. But all the time the two Government attorneys, somewhat like the Wagnerian Fasolt and Fafner, stood at the loud-speakers grimly making notes -- reportedly to construct the thesis that the cause of "high" prices of steel is "bigness".

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SOUTHERN POLITICS: Progress for a genuine States' Rights movement, and for union between Republicans and Southern conservative Democrats is hardly making brilliant headway. Sixty-four Republicans, on January 20 -- many from districts with a Negro voting population -- sided with Administration Democrats to defeat a Republican-Southern Democrat effort in the Rules Committee, to restore the old authority of the

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Rules group. Restoration of the old rule promised blocking of the Administration spending program, but also of the FEPC. Possibly influenced by this spectacle, Mr. W. W. Wright of Mississippi, member of the States' Rights Executive Committee, last week said that there wasn't a "Chinaman's chance" for conservative Southern Democrats to merge with the GOP, and he expressed embarrassment at efforts of some Republicans formally to merge the two parties.

Meanwhile, Mr. James F. Byrnes is preparing to run for nomination as Governor of South Carolina. Few doubt that he will get it. At the same time, little more is heard of rumors that he will try to broaden the States' Rights movement by spreading his "anti-collectivism" crusade in speeches throughout the North. Observers in Washington who watch Southern affairs now incline to the theory that Byrnes will concentrate his efforts on the South. He will either seek to reorganize the States' Rights movement and "clean house" therein; or he will simply try to rally Governors and conservative elements in the Southern states to oppose solidly the statist trend in the Democratic Party. The lack of precise news on the matter suggests that Mr. Byrnes has no very well-defined plans.

The only development encouraging to those who hope for some sort of joint action of a States' Rights nature comes from Raleigh, North Carolina, where the Truman Democrats staged a somewhat comic rally last week. It was notable for the number of prominent Southern politicians who did not attend the meeting headed by Jonathan Daniels, New Dealer of North Carolina, and which featured Vice President Barkley and Mr. Leon Keyserling. Figures like Senator George and Senator Maybank found it impossible to go to Raleigh. Mr. Daniels frankly acknowledged that Southern Democrats dislike the President's backing of FEPC and various civil rights bills; and banned discussion of such matters at the love-feast. This, however, was a "harmony" move, not a gesture of conciliation towards the "Dixiecrats". The President's recent statement that Mr. Byrnes could do as "he damned pleases" shows that hard feelings still exist. In short, Raleigh revealed that the Democratic High Command is very sensitive about the split in the Party and is groping -- so far unsuccessfully -- for some way to keep the South in line.

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FORMOSA: Remember Formosa? It's a long time ago (almost three weeks), but the picture then disseminated by the Administration "thought control" apparatus is doubtless firmly fixed in the public mind. Many still probably approve of the version that the President with complete approval of and no dissent from the military men justifiably consigned Formosa to the dung heap as of no military significance whatever, and a worthless place by which we might uselessly be drawn into Armageddon. But lo! contrary facts are now leaking out which -- if the opposition had a wind-machine -- would undoubtedly reverse this public impression.

On Thursday, January 26, Secretary Louis Johnson and General Omar Bradley talked to the Senate Foreign Relations Committee in executive session and Senator Connally released to the press afterward his version of the talk. According to the New York Herald Tribune (January 27), Connally said that "Johnson and Bradley warned the committee that Formosa in 'enemy' hands would be a menace to the American defense line in the western Pacific". The same dispatch (which appeared in the Washington Post, a paper supporting the Administration stand on Formosa) reported some Senators on the Foreign Relations Committee as saying that Johnson and Bradley "had recommended sending a military mission to Formosa to determine what help the Chinese Nationalists needed to save that island from Communist invasion". All this sounds very much like the version which Republican Senators were trying to present in rebuttal of the Administration tale. And now the Administration offers to allocate

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funds to Formosa -- that "silly adventure", as Acheson termed it way back three weeks ago. Remember? Yet we have seen no acknowledgment that the picture painted by the Administration was wrong, and that the GOP Senators were right. Except perhaps Mr. Truman's decision to plow billions into hydrogen bombs -- indeed an admission of despair.

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SOCIAL SECURITY: A man who had 40 years of experience as an actuary and who had served the Federal Security Administration for eleven of those years scathingly attacked our federal security system before the Senate Finance Committee on January 30. He is William Rulon Williamson, whose biography in Who's Who describes a career devoted to statistical, insurance and actuarial activities. The spectacle of what we have been doing and propose to do about social security and pensions aroused Mr. Williamson to language rare among actuaries. He calls our whole Federal system a "flop", an example of "Santa Claus thinking" which insults Americans by "assuming incapacity and lack of will power". He said, "Old age and survivors' insurance promises every man a bargain . . . it demoralizes both the recipients and non-recipients." He estimated that it is costing more in 1950 than it was originally expected to cost in 1980. As for the new extended law before Congress, he said, "nothing could justify it". He urged, "let us have no more tampering with an intrinsically bad law until a thorough study outlines the logic of a sound program. Such a study should be conducted by competent qualified persons. It should not be directed by the social-security bureaucracy."

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GENOCIDE: The Genocide Convention of the UN now stands before the bar of the Senate, and a great roundup of public sentiment against sin is under way. Naturally, all men of good will loathe the mass murder of populations and would like to prevent them. Therefore, it is being urged, the Convention should be approved with a whoop and any opposition criticism is either Nazi-ism or stupidity. Those who have discovered dangers to our system of government in the way the Convention is drafted have felt the great blast of "against sin" pressure. The Baltimore Sun has called for more careful examination of the Convention, pointing out that the American Bar Association has urged amendment of its present form.

Mr. Frank Holman, former president of the American Bar Association, has spearheaded opposition to ratification. He has pointed out that if the Convention obtains approval by the Senate it has the force of a treaty. A treaty, he recalls, becomes the "supreme law of the land", overriding all laws and ordinances of subdivisions of our government as well as Federal law. Now, of course, neither a state nor the Federal legislature will pass any measure calling for "mass murder" of any ethnic, racial or religious group. But the Genocide Convention, according to Mr. Holman, includes "mental harm" in its definition of genocide. Some nation, with not altogether amicable intentions, could invoke this clause against individuals or officials in some area of the U.S. where racial segregation exists. The possibilities of infinite mischief can easily be foreseen. The Baltimore Sun in its editorial criticizing the Convention raises another point; i.e., that while the UN proposal seeks to protect ethnic, racial and religious groups, it does not protect political and economic groups. So, the Soviet Union could go right on liquidating "bourgeois classes" and "kulaks", etc., with impunity. Whether one agrees with the propriety of international supervision of our minority problems or not, one must agree that the UN has introduced a partial and one-sided measure. It may be that some Senators are preparing to give rather casual approval of a measure which they regard as a harmless expression of opposition to sin. If so, they should heed the admonitions of the Sun and the warnings of the American Bar Association.

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Book Events

The Western World and Japan: A Study in the Interaction of European and Asiatic Cultures, by G. B. Sansom. New York: Alfred A. Knopf. $6.00. Reviewed by J. M. Lalley.

This is an important work of historical interpretation, perhaps destined to be something of a landmark in its field, and, notwithstanding the author's massive scholarship, written in an easy, agreeable and gently ironic prose, generously illumined with anecdote. Sir George Sansom, now head of the East Asian Institute at Columbia University, was throughout the war years British Minister at Washington. His study may have been in some degree stimulated by the prevailing disposition he found there to consider the origin and character of the Pacific conflict in the oversimplified terms of Western political theory. The book, however, takes no direct account of the Twentieth Century, but is concluded at the end of the Meiji period, in which occurred those rapid and radical alterations of Japanese institutions under the shock of exposure to the influences of Western industrialism. The study of this transformation, however, is preceded by an extensive survey of the various cultural cross currents between Europe and Asia since Hellenistic times.

The conclusion appears to be that the ideological aspects of Western culture have made little permanent impression upon the East, and that even in Japan, where the receptivity to Western ideas was eventually greatest, the result was a change in the outward and material aspects of a civilization, transformed in the course of a single generation from an archaic feudalism into a powerful modern State, without any corresponding change of psychological climate or substantial nature. Thus what made the difference in the relationship of Europe and the Far East after the Eighteenth Century was the factor of Western power; accordingly Sir George believes that his studies have sharpened and clarified the conflict between the doctrine of Grotius, that peoples of differing races, cultures and religions can be brought together under a single universal and beneficent reign of law, and the doctrine of Hobbes that the only universal rule of politics is that those who have power will, wherever possible, strive to extend it. Another interesting aspect of the book is its implicit contradiction of Professor Toynbee's concept of palingenesis, or rebirth under some new species, as the only means whereby a disintegrating society can recover unity and vitality. Sir George seems to perceive in the Japanese example the proof that a decadent society can renew itself without losing its essential character.

Sir George rests his interpretation to some extent upon the failure of Christianity, despite the intensive zeal of its missionaries, to make any permanent gains in Asia, apart from the Philippine Islands. The most apparently successful were the Nestorians, but Sir George also observes the disposition of Nestorian Christianity in its progress Eastward to shed more and more of the elements of Mediterranean Christianity and to assimilate those of the Eastern religions; even so, as he observes, Nestorianism survives only in few isolated pockets. The story of the famous Jesuit missions in Japan and China is recounted in considerable detail, including the controversy with other missionary orders over the question of the admissibility of the Confucian Rites. But while his account is highly sympathetic to the missionaries he finds that their historical and cultural influence was in the long run actually greater in the West than in the countries in which the missions were established. The writings of the Jesuit missionaries about Chinese civilization, and their expositions of the Confucian philosophy, set loose in Eighteenth Century Europe a wave of admiration and an enthusiasm for chinoiserie that doubtless played a considerable part in the determination to reopen the Far Eastern trade.

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